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tion, in the international sense, exists only when, in absolute good faith, all the rules which govern emigration from the country of origin . . . are complied with." The right of expatriation, in so far as it is a recognized legal right, is fully considered. The author then proceeds to take up the various stages leading to naturalization in the United States and, in the concluding chapters, describes the process in the countries of Europe and South America. A special feature of the book is the excellent analytical index which enables one to refer with great ease to the great number of legal questions connected with this subject.

REVIEWS.

The Canadian Banking System, 1817-1890. By R. M. BRECKENRIDGE, Ph.D. Publications of the American Economic Association. Vol. X., Nos. 1, 2, 3. Pp. 476. Price, \$1.50. New York: Macmillan & Co., 1895.

Dr. Breckenridge's bulky volume on the Canadian Banking System represents much intelligent industry, rendering information available that has hitherto been scattered among government records, forgotten pamphlets and magazine articles. It is more than a mere history or description of banking experiments in Canada. It presents with considerable fullness the arguments pro and con made at the various intervals during which the Canadian banking system has undergone revision. The book, in a way, therefore, constitutes a treatise upon the principles of banking, for these principles have received a thorough exposition during the discussion of banking reform in Canada. On this account, since the banking question is still unsolved in this country and bids fair soon to be uppermost in politics, Mr. Breckenridge's work is timely and valuable.

The development of banking in Canada, unlike that in the United States, has been continuous, and in the existing system there still linger features or provisions which were first put to the test by the earliest banks established in the colonies. The National Banking System of the United States was born of a crisis, having been at first essentially a device in succor of the National Treasury. The growth of banking in Canada has been affected by no such extraneous motives. As a rule, changes in the Canadian system have been made solely for the purpose of improving it. The experience, therefore, of Canada is much more helpful to the student than the experience of the United States, where banks have too often been used either as spoils of politics or as expedients in government financing.

Mr. Breckenridge is very thorough in his history of early banking in Canada. Of the 470 pages in his book 315 are allotted to the discussion of banking prior to 1890, when the latest revision of banking law was made. In the first five chapters he describes the banking experiments made in Lower and Upper Canada prior to 1839, and in the Province of Canada from 1841 to 1867. The effects of the banking act of 1857 and of the mania for free banking which prevailed after 1850 are fully and clearly set forth. The four succeeding chapters, which treat of banking reforms, of banking under the confederation of 1867 to 1889, of the revision of 1890, and of the working of the present system, will be of most interest to the general reader. They can not, however, be read independently of the preceding chapters, for the author in discussing the various reforms proposed does not bring to view the evils and the advantages which experience had shown former systems to possess. This is unfortunate, for the latter half of his book, beginning with page 219, if it were in some degree complete in itself, as it might easily have been made, would have been likely to meet with some popular favor in this country, whereas the present volume by its bulk is likely to repel the average reader. It is to be regretted that Mr. Breckenridge, when constructing his chapters, did not have in mind the needs and prejudices of general readers and make each one so far as possible complete in itself. He has so run the chapters one into the other, making each statement in one chapter hinge upon statements in a preceding chapter, that a reader is baffled and confused in his search for information, unless he makes continuous examination of the whole book. A carefully prepared index would have lessened the evil and made much of the information in the book instantly accessible, but the book has no index whatever, so that a student is compelled to rely upon the rather meagre table of contents. The publication committee of the American Economic Association is certainly inexcusable for having permitted such a valuable book go out in its present form.

The salient features of Canadian banks are well known, and Mr. Breckenridge's contribution is valuable not so much because it describes them, as because it shows the inductions on which they are based and states the arguments which secured their adoption. The popular notion is that Canadian banks are left by the government to do business about as they please, whether as concerns deposits or discounts or note issues, and that as this policy of non-interference by the government has proved successful in Canada, the system upon which it rests must be an excellent one *per se*. There is no doubt that the Canadian banking system now in operation is an excellent one, but its excellence consists by no means merely in the lack of govern-

mental supervision. Because banks in Canada are not required to keep a minimum reserve of specie or legal tender money to secure a conversion of notes or the payment of deposits, it by no means follows that a system embodying these two features would be successful in this country.

One of the most important features of the Canadian system is its encouragement of branch banks, which enable the institutions at monetary centres to loan capital with safety in remote parts of the Dominion. Under the branch bank system the condition of credit in all parts of the Dominion is well known to all the bankers in the large cities, for their own business extends to every part of the country and they have daily reports from their own agents and representatives in all quarters.

Another important feature of the system, and one essential to its safety, is the fact that the bank notes lack the legal tender quality or a government guarantee. Consequently each bank watches with sharp eye the operations of all competitors and will, on detecting any sign of weakness in one of them, refuse to accept its notes and thus throw discredit upon it. The banks of the three monetary centres of the Dominion, Montreal, Toronto and Quebec, act as clearing houses for all the banks in the Dominion. Bank notes are sent to them for redemption, and inasmuch as no bank cares to make money for its competitors, all bank notes are presented for redemption as soon as received. Thus the sharpest banking talent in the Dominion is constantly on the lookout for evidence of unsound banking and is armed with a weapon that metes out swift and sure punishment.

Furthermore, as the banks demand from one another statements of their condition, and monthly reports are made to the government, each banker in the Dominion has at his hand all material necessary for self-protection. The parent banks naturally maintain the closest scrutiny of the affairs of their branch organizations. This scrutiny is not made by an officer of the government, who may have been appointed for political reasons, but is made by men who are selected by the banks because of their known capacity. The scrutiny, therefore, is not perfunctory, as is often the scrutiny of bank examiners in this country, but is thorough and without favor, for each bank knows that it cannot afford to let the slightest shadow fall upon its credit. No one can study the Canadian system impartially without coming to the conclusion that its security is largely the result of the concentration which is the outgrowth of the legalizing of the branch bank.

There are several other excellent safeguards for the depositor and note-holder. A new bank, for instance, cannot begin business until at least \$250,000 has been paid in on its capital stock and kept on

deposit with the Minister of Finance for four weeks, and even then the chartering of the bank is discretionary with the government. The directors of a bank must hold a certain proportion of its paid-up capital stock. The circulation must not exceed in amount the capital stock and is secured by deposit with the government of 5 per cent of the capital stock. That bank notes may never fall below par, it is provided that the notes of an insolvent bank shall draw interest at 6 per cent, and that if they are not paid out of the assets of the bank within sixty days after its failure, they may be paid by the government out of the safety fund. They constitute a first lien on bank assets. Liabilities to the Dominion are a second lien, and liabilities to the government of any province a third lien.

Such are some of the provisions which are the fruit of Canadian experience in banking, and there is much evidence that they are effective in securing both note-holder and depositor. The banks are required by law to keep no reserve against their circulation or their deposits; but a force stronger than law compels them to keep a reserve sufficient to meet the demands made upon them. As these demands vary according as the business of a bank varies, it is found that the reserves of Canadian banks differ widely in amounts. The banks of the financial centres, since they act as clearing houses for the banks of the Dominion, are obliged to keep larger reserves than the other institutions. The whole argument for and against required reserves is very well set forth by Mr. Breckenridge and deserves a careful reading by bankers in the United States.

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Souveraineté du peuple et Gouvernement. Par EUGÈNE D'EICHTHAL.

Price, 3 fr. 50. Paris: Félix Alcan, 1895.

Several years ago M. de Laveleye declared that the parliamentary system was working defectively almost everywhere, even in England. Accepting this statement as still more true to-day than at the time it was written, M. d'Eichthal calls attention to the two evil tendencies of parliamentary government from which France has chiefly suffered. If the system is to be faithful to its history in England for the last century, an assembly like the Chamber of Deputies should serve as an agency for the creation and control of successive ministerial governments. Instead of accomplishing this end the Chamber at times does little more than furnish an arena for warring groups of politicians, no one of which can remain dominant long enough to save France from the scandal and danger of unstable ministries. Moreover it has